OUTGOING TELEGRAM Department of State 10931

INDICATE: ☐ COLLECT
☐ CHARGE TO

UNCLASSIFIED

54

MAR 21 3:58 PM '64

Origin ARA

Infor SS G SP L H CAP IO AID P USIA NSC ~~INR~~ CIA NSA OSD ARMY NAVY A IR

ACTION: All ARA DIPLOMATIC POSTS 1750
POUCH ARA CONSULAR POSTS

Following is text of President's statement made about 2:00 PM March 21st:

"The present inability to resolve our differences with Panama is a source of deep regret.

"Our two countries are not linked by only a single agreement or a single interest. We are bound together in an Inter-American System whose objective is, in the words of the Charter, 'through mutual understanding and respect for the sovereignty of each, to provide for the betterment of all.'

"Under the many treaties and declarations which form the fabric of that system, we have long been allies in the struggle to strengthen democracy and enhance the welfare of our people.

"Our history is witness to this essential unity of interest and belief. Panama has unhesitatingly come to our side, twice in this century, when we were threatened by aggression. On December 7, 1941 Panama declared war on our attackers even

Drafted by: ARA:WTPryce

Telegraphic transmission and classification approved by: ARA:Thomas C. Mann

Clearances:

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FORM 8-63 DS-322

before our own Congress had time to act. Since that war, Panama has wholeheartedly joined with us, and our sister Republics, in shaping the agreements and goals of this continent.

"We have also had a special relationship with Panama, for they have shared with us the benefits, the burden and trust of maintaining the Panama Canal as a lifeline of defense and a keystone of hemispheric prosperity. All free nations are grateful for the effort they have given to that task.

"As circumstances change, as history shapes new attitudes and expectations, we have reviewed periodically this special relationship.

"We are well aware that the claims of the Government of Panama, and of the majority of the Panamanian people, do not spring from malice or hatred of America. They are based on a deeply felt sense of the honest and fair needs of Panama. It is, therefore, our obligation as allies and partners to review these claims and to meet them, when meeting them is both just and possible.

"We are ready to do this.

"We are prepared to review every issue which now divides us, and every problem which the Panamanian Government wishes to raise.

"We are prepared to do this at any time and at any place.

"As soon as he is invited by the Government of Panama, our Ambassador will be on his way. We shall also designate a special representative. He will arrive with full authority to discuss every difficulty. He will be charged with the responsibility of seeking a solution which recognizes the fair claims of Panama and protects the interest of all the American nations in the Canal. We cannot determine, even before our meetings, what form that solution might best take. But his instructions will not prohibit any solution which is fair, and subject to the appropriate constitutional processes of both our governments.

"I hope that on this basis we can begin to resolve our problems and move ahead to confront the real enemies of this hemisphere -- the enemies of hunger and ignorance, disease and injustice. I know President Chiari shares this hope. For, despite today's disagreements, the common values and interests which unites us, are far stronger and more enduring than the differences which now divide us."

END

PERTINENT PARTS OF Q AND A FOLLOW:

Q. Mr. President, sir, do you feel that the American people outside the Washington area backs up your stand on --

THE PRESIDENT: I am not going to make any evaluation of the American people outside the Washington area. I haven't conducted any polls on it, and I don't know what their opinion might be on any specific subject.

Q. Mr. President, when you say his instructions will not bar any solution which is fair, would that include, sir, a renegotiation of the 1903 treaty?

THE PRESIDENT: This would mean just what the statement says. We will discuss any problem that divides us in any way, and then we will come up with a solution that is fair.

Q. Has the Ambassador been chosen, Mr. President, or would that be Ambassador Mann? Has the Ambassador been chosen or would it be Ambassador Mann?

THE PRESIDENT: No, we would select a special representative.

[redacted]

[redacted]

Q. Mr. President, I understood you to say, sir, that our position now is just where it was when you first talked to the President of Panama. This is no new position?

THE PRESIDENT: That is correct. Very shortly after the flag was not flown, and there was a march on the zone, and some of our soldiers were killed, I called the President of Panama and said that we have difficulties and problems, disagreements, obviously, and we are prepared to discuss those disagreements any time, anywhere, any place.

He said, "When would your people be prepared to meet with mine?"

I said, "They will leave here in 30 minutes."

He said, "Very well."

Since that time, although we have made very few public statements on it and we have tried and hoped that the OAS could work this out, and there have been a great many leaks back and forth, some of the stuff you call news interpretation, news analysis, and various things, some of which really took place and some of which was

speculation, I think it is very important that the people of this hemisphere know that from the beginning, and now, just what this statement says: that we are willing and ready to discuss at any time, with any of their representatives, any problem, any difficulty, in a reasonable way, and to let only equity and justice determine what course we would take, subject to the constitutional processes.

Q. Mr. President, what is the reason for issuing the statement today?

THE PRESIDENT: No reason. I am sending it over there. I didn't think you would object to hearing it.

Q. No, I meant -- I mean to the OAS. What is the reason for sending the statement to them now?

THE PRESIDENT: So that we may reiterate our viewpoint and in some detail.

Q. Mr. President, would you think that this statement might clear up any difference of interpretation they have --

THE PRESIDENT: I would not speculate on that. I am just making a statement and sending it over to the President of the OAS. What happens there, events will determine. I, of course, am hopeful that we can always reason out differences together, and that is

one of the purposes of my expression.

Q. Mr. President, don't formal diplomatic relations have to precede a ~~xxx~~ discussion like this?

THE PRESIDENT: Obviously.

Q. Mr. President, can you enlighten us on what did go on last week end involving the Panamanian negotiations? There have been a lot of conflicting reports, as you mentioned earlier.

THE PRESIDENT: No, I am not sure that I know all that went on regarding it. So far as I know, our position at the beginning was what I just stated, and it still is. Up to this point, there has been no meeting of the minds.

Q. Mr. President, you said a moment ago, sir, that there was no reason for the issuance of this statement.

THE PRESIDENT: No, I didn't say that.

Q. I am sorry.

THE PRESIDENT: I didn't intend to say there was no reason. I think I would not issue it, if there was no reason. There is a reason, but I thought his question was what was the reason for giving it to them. I just thought you ought to be kept informed of what was happening in this field.

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Q. Are you trying to clear the air, sir?

THE PRESIDENT: No, I want everyone to know our position and I think this helps. This is a statement to the President that he can use in his deliberations. I would hope that all of us realized from the beginning that the United States' position was that we were willing to talk to anybody that they designated at any time, any place, and review all problems and all difficulties.

I don't say discuss, because that is a sticky word. Some of them do not quite understand what it means. But I say review. We are glad to do that. I made that clear that day, and I have reiterated it. But I think it is good that the President of the OAS can have the details carried in this statement.

END

RUSK

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08723

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
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57

Origin
ARA

Info:
SS
G
SP
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SAL
CAP
IO
AID
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USIA
NSC
INR
CIA
NSA
OSD
ARMY
NAVY
AIR

ACTION: CIRCULAR 1714
ALL ARA DIPLOMATIC POSTS
Amconsul, PANAMA
USUN, NEW YORK
CINCLANT FOR POLAD
CINCSO FOR POLAD

Panama

MAR 18 3 51 PM '64

RE Circular 1696 March 15 Panama

Following release OAS statement reported REFCIRTEL, at 11:00 P.M. MAR 15, Salinger indicated, attributable to US sources, that there still had not been a meeting of the minds between USG and GOP. Meeting of minds reference by Salinger refers to interpretation of OAS formula, with Panama interpreting language to mean US committed to revision of 1903 Treaty. USG has concluded that although US and PAN might agree to OAS language, differing interpretation of that language by GOP would make accord illusory.

In his speech March 16 to OAS President Johnson reiterated USG position (See DEPCIRTEL 1702).

Drafted by: 3/17/64
ARA:PAN:FDSharp:VLCollins:lsb

Telegraphic transmission and classification approved by: ARA - Thomas C. Mann

Clearances:
ARA/P - Mr. Garcia
RPA - Mr. Allen
S/S - Mr. McKesson
White House - Mr. Bundy

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FORM 5-61 DS-322

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PAN AMB to OAS Moreno quoted on PAN radio MAR 16 that agreement beneficial to Panama since US agrees eliminate causes of friction, in other words, 1903 Treaty. Further quoted that aggression charges are maintained.

PAN FONMIN Solis reportedly said MAR 16:

QUOTE We consider that President Chiari's statement saying we would resume relations when United States was willing to sit down to negotiate new treaty has been fulfilled. UNQUOTE

Finally at 8:30 p.m. MAR 16 PAN Presidential Press SECY announced: QUOTE The Government of Panama considers that the text of the joint declaration contained in the communique yesterday by the special delegation of the OAS is clear and precise and manifests its disposition to comply with what was agreed according to that declaration once the US Government is willing to comply. UNQUOTE

All foregoing makes it abundantly clear a) that Panama interprets OAS statement as commitment by US prior to resumption of relations and before talks have taken place to negotiate treaty in accordance with Panamanian demands which have not yet been defined and b) little value and considerable danger in "agreement" which both sides interpret quite differently.

END RUSK

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1507

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

Bundy
33

March 17, 1964
Date

Mr. McGeorge Bundy
The White House

Incl S/S 3/18 OK McB (for)

The enclosed is for White House clearance prior to transmission.

Benjamin H. Read
Executive Secretary

Enclosure:

~~XXXXXXXXXXX~~
Circular to all ARA Diplomatic Posts Amconsul, PANAMA, USUN, NEW YORK, etc.

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Re Circular 1096 March 15 Panama

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In his speech March 16 to OAS President Johnson reiterated USG position (See DEPCIRTEL 1762).

2/17/64
ARA:PA:PDSmith, MacDonald
ARA/P - Mr. Gilmore
PM - Mr. Miles

White House

Clearances

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Human Relations Branch, Office of Telegraph Branch

FORM DS-322

10-20-50
FORM DS-322A

TELEGRAPH BRANCH

WORK COPY

2

PANAMA

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MW

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07972

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

UNCLASSIFIED

55 CIRCULAR PRIORITY 1701

Origin ARA

ACTION: ALL ARA DIPLOMATIC POSTS, Amcon PANAMA, USUN, POLAD CINCLANT & USCINCSO

MAR 17 11 56 AM '64

Info:
SS
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USIA
NSC
INR
CIA
NSA
OSD
ARMY
NAVY
AIR

Following is excerpt on Panama from President's speech before special session COAS March 16:

QUOTE And let me now depart for a moment from my main theme to speak of the differences that have developed between Panama and the US. Our own position is clear, and it has been from the first hour that we learned of the disturbances. The US will meet with Panama any time, anywhere, to discuss anything, to work together, to cooperate with each other, to reason with one another, to review and to consider all of our problems together, to tell each other our opinions, all our desires and all our concerns, and to aim at solutions and answers that are fair and just and equitable, without regard to size or the strength or the wealth of either nation. We don't ask Panama to make any free commitments before we meet and we intend to make none. Of course, we can't begin on this work, we cannot begin on this work until diplomatic relations are reassumed. But the US is ready today, if Panama is ready. As of this moment I do not

Drafted by: ARA:RPA:WPAllen:eh 3/17/64

Telegraphic transmission and classification approved by: ARA:RPA:WPAllen

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FORM 5-61 DS-322

not believe that there has been a genuine meeting of the minds between the two presidents of the two countries involved. Press reports indicate that the Govt of Panama feels that the language which has been under consideration for many days commits the US to a rewriting and a revision of the 1903 Treaty. We have made no such commitment and we will not think of doing so before diplomatic relations are reassumed and unless a fair and satisfactory adjustment is agreed upon. END QUOTE

END

RUSK

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

UNCLASSIFIED

Origin ARA
Info: SS G SP L H SAL CAP IO AID P USIA NSC INR CIA NSA OSD ARMY NAVY AIR O

ACTION: USCINCSO FOR COTTRELL 31
CIRCULAR 1696

INFO: All ARA POSTS
Amcon PANAMA
USDELUN
~~CINCSO~~
CINCLANT

MAR 15 10 43 PM

COTTRELL ALSO PASS INFO CINCSO

Following is text OAS Press Release issued today:

The Delegation of the General Committee of the Council of the Organization of American States acting provisionally as Organ of Consultation is pleased to announce that, on the 12th of March, 1964, the Governments of the United States of America and of the Republic of Panama, through their duly authorized representatives, communicated to the Delegation their acceptance of the text of a Joint Declaration which, in the English and Spanish languages, reads as follows:

English text

The Governments of the Republic of Panama and of the United States of America have agreed to reestablish diplomatic relations as soon as possible to seek the prompt elimination of the causes of conflict relative to the Panama Canal and to attempt to resolve other problems existing between them, without limitations or pre-conditions of any kind.

Drafted by: ARA:GOSpencer:leb

Telegraphic transmission and classification approved by: ARA:GOSpencer

Clearances: S/S-O - Mr. Parker

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Consequently, within 30 days following reestablishment of diplomatic relations, both Governments will designate special ambassadors with sufficient powers to carry out discussions and negotiations with the objective of reaching a just and fair agreement which will eliminate the above-mentioned causes of conflict and resolve the other problems referred to above. Any agreements that may result would be subject to the constitutional processes of each country.

Spanish text

Los Gobiernos de la Republica de Panama y de los Estados Unidos de America han convenido en restablecer relaciones diplomaticas a la brevedad posible para procurar la pronta eliminacion de las causas de conflicto relativas al Canal de Panama y para tratar de resolver otros problemas existentes entre ellos, sin limitaciones o precondiciones de ninguna especie.

En consecuencia, dentro de los 30 dias siguientes al restablecimiento de relaciones diplomaticas, ambos Gobiernos nombraran Embajadores Especiales con poderes suficientes para llevar a cabo discusiones y negociaciones con el objeto de llegar a un convenio justo y equitativo que elimine las antedichas causas de conflicto y resuelva los demas problemas referidos. Cualesquiera convenios que resulten estarian sujetos a los procedimientos constitucionales de cada pais.

The Delegation records that both texts are equally authentic and that the words "agreement" in the English version and "convenio" in the Spanish version are used in the broadest sense that they have in international law.

The Delegation, being convinced that the text of the Joint Declaration is clear and precise, calls upon the parties to begin immediately compliance with the agreement that they have concluded.

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Lastly, the Delegation announces that it has requested a meeting of the General Committee on the 17th of this month for the purpose of receiving the Delegation's report on the manner in which it has carried out its mission.

RUSK

THE JOINT CHIEFS OF STAFF

~~SECRET~~

PRECEDENCE		TYPE MSG (Check)			ACCOUNTING SYMBOL	ORIG. OR REFERS TO	CLASSIFICATION OF REFERENCE
ACTION	ROUTINE	BOOK	MULTI	SINGLE			
INFO	ROUTINE		X		DA		

FROM: JCS

SPECIAL INSTRUCTIONS
Regular JCS Distribution plus
State
SecDef
White House
OSD(ISA)
CIA

TO: USCINCSO

INFO: CINCLANT

GOVERNOR CANAL ZONE

DECLASSIFIED
Authority E.O. 11652 SEC. 5(A) and (D)
By MDE, NARS, Date 12/4/79

SECRET JCS 5270 From JCS, J-3 Joint Staff sends.

Subj: Harbor Surveillance (C)

Reference: USCINCSO msg SC 1575 DA, DTG 011940Z Feb 64

1. Recommendation contained in ref forwarded to Defense representative Inter Departmental Coordinating Committee for Cuban Affairs. On 10 Mar JCS informed that both Mr. Vance and CIA are of opinion that surveillance actions indicated in reference do not provide adequate detection capability during hours of darkness.

2. Request JCS be provided detailed surveillance plan for Colon area to include provisions to detect ships or boats exiting or entering the breakwater.

DATE	TIME
11	1515
MONTH	YEAR
Mar	64

WRITER

SYMBOL: J-3

TYPED NAME AND TITLE (Signature, if required): Col J.F. Wilhm, USA

PHONE: 53084 | PAGE NR. 1 | NR. OF PAGES 2

SECURITY CLASSIFICATION: ~~SECRET~~

RELEASER

SIGNATURE: John L. Chew.

TYPED (or stamped) NAME AND TITLE: DTG 112033Z Mar 64

JOHN L. CHEW
Rear Admiral, USN
Vice Director for Operations

DIST. CJCS-2 DJS-3 SJCS-3 J3-7 J4-2 J5-1 SACSA-4 DIA-6 NMCC-2 JSSC-1 SAMAA-1 JRG-2 CSA-2 CSAF-2 CNO-2 CMC-10 OSD-15 WHITE HOUSE-3 (STATE) (CIA) RRA-1 FILE-2 (71) twc

~~SECRET~~

JCS 5270

J-3

during hours of darkness. Gp-4

INCOMING MESSAGE

THE JOINT CHIEFS OF STAFF

~~SECRET~~

PRECEDENCE (ACTION)	PRECEDENCE (INFO)
PRIORITY	PRIORITY

MASTER FILE

P 130624Z

FM GOVERNOR CANAL ZONE

TO RUEHC/SECSTATE WASHDC

INFO RUEPWW/THE WHITE HOUSE
RUEPDA/JCS
RUEPDA/SECDEF
RUESVA/AMCON-PANAMA CITY
RUCKHC/CINCLANT FOR POLAD

DECLASSIFIED
Authority E.O. 11652 SEC. 5(A) and (D)
By MTE, NARS, Date 12/4/79

S E C R E T. CZG0056.

FOR MANN FROM COTTRELL.

IF AGREEMENT IS REACHED WITH PANAMA TO DISCUSS RATHER THAN NEGOTIATE I RECOMMEND THAT THE TALKS HAVE AS THEIR OBJECTIVE THE DEFINITION OF ISSUES ONLY. THIS WOULD GIVE US A CLEAR IDEA OF THE EXTENT OF PANAMANIAN DEMANDS FOR BENEFITS AND TREATY REVISIONS. IN MY OPINION NO AGREEMENTS SHOULD BE MADE IN THESE DISCUSSIONS BECAUSE (A) THE VIOLENCE OF JANUARY WAS CONDONED BY THE GOVERNMENT OF PANAMA AND SHOULD NOT BE IMMEDIATELY REWARDED, AND (B) PIECEMEAL AGREEMENTS ON PERIPHERAL ISSUES AS RESULT OF DISCUSSIONS WOULD BE ENTIRELY UNSATISFACTORY IN MEETING PROBLEM.

AT EARLY DATE NEXT YEAR, AFTER FULL DISCUSSIONS AND DEFINITION OF ISSUES THIS YEAR, U.S. SHOULD IN MY OPINION BE PREPARED TO NEGOTIATE AGREEMENT WITH PANAMA WHICH WOULD INCLUDE TREATY REVISIONS.

IF U.S. AGREES TO DISCUSS AND NEGOTIATE NOW, THEN I BELIEVE WE SHOULD BE PREPARED TO TALK ABOUT NEW ARRANGMENTS WHICH PRESERVE OUR BASIC U.S. INTERESTS BUT WHICH MAY INVOLVE SUBSTANTIAL DEPARTURE FROM PRESENT ARRANGEMENT. FOLLOWING ARE FIVE ALTERNATIVES SET FORTH IN SKELETON FORM:

COG.....OSD-15.....JCS/J3-7
CJCS-2 DJS-3 SJCS-1 J4-2 J5-1 SACSA-4 DIA-6 NMCC-2 JSSC-1
SAMAA-1 CSA-2 CSAF-2 CNO-2 CMC-10 FILE-1 (62)JRT

ADV COPY TO: NMCC

DUTY OFFICER		PAGE OF PAGES		MESSAGE IDENTIFICATION	
				CITE NO.	DTG
WU/DRJ	JCK	1	4	CZG 0056	130624Z MAR 64

REPRODUCTION PROHIBITED

~~SECRET~~

1. JOINT U.S.-PANAMA OPERATION

U.S. GOVERNOR; PANAMANIAN LT. GOVERNOR; EXECUTIVE PERSONNEL 50-50 U.S. AND PANAMANIAN; EXCESS U.S. PERSONNEL PHASED OUT WITH SEVERANCE AND REEMPLOYMENT RIGHTS; BOARD OF DIRECTORS 50-50; INCREASED OPPORTUNITIES FOR PANAMANIAN EMPLOYEES INCLUDING INTENSIVE TRAINING; BASE RIGHTS AGREEMENT FOR MILITARY BASES; MIXED COURTS AND POLICE; PANAMANIAN POSTAGE WITH CERTAIN RESERVATIONS; PANAMANIAN FISCAL SYSTEM FOR PANAMANIAN COMPANIES AND INDIVIDUALS; SPANISH AS AN OFFICIAL LANGUAGE; A SUBSTANTIAL INCREASE IN ANNUITY;EXPLOITATION OF CANAL ZONE AND TRANSIT MARKET BY PANAMA; JOINT PANAMANIAN-U.S. DEFENSE OF THE CANAL; ELIMINATION OF PERPETUITY CLAUSE WITH FIXED TERM OF FIFTY YEARS FOR REVERSION OF THE CANAL INSTALLATION TO PANAMA; RECAPTURE CLAUSE TO PROVIDE U.S. MILITARY CONTROL OF THE CANAL IN EVENT OF EMERGENCY.

COMMENT: SERIOUS WEAKNESS ABOVE COURSE IS THREAT TO CANAL SERVICE THROUGH MANIPULATION BY PANAMANIAN POLITICAL APPOINTEES WITH MISSION OF GETTING CONCESSIONS BENEFITS AND FURTHER TREATY REVISIONS.

2. INTERNATIONALIZATION

A. USER NATIONS:

A CANAL ORGANIZATION DIRECTED BY BOARD OF DIRECTORS COMPOSED OF REPRESENTATIVES OF USER NATIONS. MEMBERSHIP OF THE BOARD WOULD BE ESTABLISHED BY TOLL PAYMENT FIGURES. ACCORDING TO FY 63 FIGURES, THESE WOULD BE UNITED STATES, NORWAY, GREAT BRITAIN, JAPAN, LIBERIA, GERMANY, GREECE, NETHERLANDS, SWEDEN, DENMARK, AND PANAMA; U.S. WOULD BE CHAIRMAN; PANAMA VICE CHAIRMAN; ADMINISTRATOR OF THE CANAL WOULD BE FROM THIRD NATION; COMPULSORY ARBITRATION UNDER ICJ; INCREASED ANNUITY AND COMMERCIAL ADVANTAGES FOR PANAMA; EMPLOYEES UNDER CONTRACT TO THE ORGANIZATION; ORGANIZATION WOULD ASSUME JURISDICTION OVER CANAL ZONE WHICH WOULD REVERT TO PANAMA UPON CONSTRUCTION OF A NEW CANAL.

B. OAS NATIONS:

COAS WOULD ACT AS BOARD OF DIRECTORS; OAS WOULD ASSUME JURISDICTION OVER THE CANAL ZONE WHICH WOULD REVERT TO PANAMA UPON CONSTRUCTION OF A NEW CANAL; ADMINISTRATOR

OF THE CANAL WOULD BE PAU EMPLOYEE; COMPULSORY ARBITRATION UNDER ICJ; INCREASED ANNUITY AND COMMERCIAL ADVANTAGES FOR PANAMA; EMPLOYEES UNDER CONTRACT TO THE PAU.

COMMENT: PANAMA WOULD PROBABLY REACT VIOLENTLY AGAINST. U.S. GIVING AWAY PRESENT RIGHTS WOULD PROBABLY AROUSE CONSIDERABLE INTERNAL U.S. OPPOSITION.

3. CONCESSIONS WITHIN EXISTING TREATIES

GREATER BENEFITS AND OPPORTUNITIES FOR PANAMANIAN WORKERS, WITH ESTABLISHMENT OF A JOINT LABOR ADVISORY COMMITTEE; SPANISH AS AN OFFICIAL LANGUAGE;ESTABLISHMENT OF MIXED COURTS AND POLICE; SITES FOR PANAMANIAN CUSTOMS; USE OF PANAMANIAN POSTAGE WITH CERTAIN RESERVATIONS; PORT FACILITIES ON PACIFIC AND ATLANTIC COASTS EITHER BY LOANS TO PANAMA OR BY LEASE OF CERTAIN PRESENT U.S. FACILITIES; WITHDRAWAL OF THE PANAMA RAILROAD; FREE POTABLE WATER NOW SOLD TO PANAMA; HIGHWAY IMPROVEMENTS, I.E., BOYD-ROOSEVELT HIGHWAY AND ARRAIJAN CHORRERA HIGHWAY; SPECIAL ADVANTAGES FOR PANAMA IN CONTINENTAL U.S. MARKET, I.E., IMPORT QUOTAS.

COMMENT: PIECEMEAL PERIPHERAL BENEFITS WOULD NOT SATISFY PANAMA NOR GO TO ROOT OF PROBLEM.

4. MILITARY SOLUTION

NEGOTIATION OF BASE RIGHTS AND STATUS OF FORCES AGREEMENT; LIMITED NEGOTATION OF TREATY PROVISIONS PERMITTED AT STATED INTERVALS; RETENTION OF PRESENT FACILITIES REQUIRED FOR THE OPERATION OF THE CANAL TO BE INCLUDED IN BASE RIGHTS AGREEMENT; ADDITIONAL RIGHTS RIO HATO; ABOLITION OF CANAL ZONE GOVERNMENT, PANAMA CANAL COMPANY AND CANAL ZONE CONCEPT AND ABROGATION OF THE PRESENT TREATY RELATIONSHIP; ARMY ENGINEERS TO OPERATE THE CANAL WITH CONTRACT CIVILIAN EMPLOYEES UNDER CINCSO; SUBSTANTIAL INCREASE IN PRESENT ANNUITY TO BE PAID IN FORM OF COMPENSATION FOR BASE RIGHTS; RETURN TO PANAMA OF LAND AND CESSION OF FACILITIES NOT INCLUDED WITHIN BASE RIGHTS AGREEMENT; SPECIFIC PROVISION FOR THE CESSION OF THE CANAL INSTALLATION TO PANAMA WHEN A NEW CANAL MAY BE OPERATIONAL.

COMMENT: HAS VIRTUE WIPING SLATE CLEAN OF MANY FUNDAMENTAL PANAMANIAN COMPLAINTS BUT LEAVES MILITARY AS TARGET. PRESERVES BASIC U.S. INTERESTS.

INCOMING MESSAGE

THE JOINT CHIEFS OF STAFF

~~SECRET~~

PRECEDENCE (ACTION)	PRECEDENCE (INFO)

5. NEW TREATY

ELIMINATION OF PERPETUITY CLAUSE WITH FIXED TERM OF FIFTY YEARS FOR REVERSION TO PANAMA, OR UPON NEW SEALEVEL BECOMING OPERATIONAL, WHICHEVER MAY OCCUR FIRST; INCREASE IN ANNUITY TO TEN MILLION DOLLARS, TO BE PAID BY TREASURY; RETURN OF OLD FRANCE FIELD AREA ON ATLANTIC SIDE PLUS CURUNDU ENCLAVE ON PACIFIC SIDE PLUS SHALER TRIANGLE; ADDITIONAL U.S. BASE RIGHTS AT RIO HATO; ARRAIJAN CORRIDOR ON THE PACIFIC SIDE WITH RECAPTURE CLAUSE IN EMERGENCY; A NEW SHORT COLON CORRIDOR ON THE ATLANTIC SIDE TO OLD FRANCE FIELD; ABROGATION OF ARTICLE III(5) OF THE 1936 TREATY WHICH PROHIBITS THE ESTABLISHMENT OF NEW BUSINESS IN THE CANAL ZONE; LEASE OF UNUSED CANAL ZONE FACILITIES TO PANAMANIAN PRIVATE ENTERPRISE, I. E., DRYDOCKS, SILOS, REFREGERATION PLANTS, PIPELINES, WAREHOUSES, ETC. (APPROXIMATELY 50 OF THESE ITEMS).

COMMENT: MEETS MOST MAJOR PANAMANIAN DEMANDS. RETAINS PRESENT TREATY FRAMEWORK AND BASIC U.S. INTERESTS. OTHER ITEMS IN COURSE 3 COULD BE ADDED.

SEA LEVEL CONSIDERATIONS

U.S. REQUIREMENTS NEEDED FROM PANAMA FOR SEA LEVEL CANAL SHOULD BE DETERMINED NOW AND LINKED TO NEGOTIATIONS OF ABOVE COURSE SELECTED. PURPOSE TO USE PRESENT CONCESSIONS TO OBTAIN REASONABLE CONCESSIONS FROM PANAMA FOR NEW CANAL.

END. SCP-4
BT

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~~SECRET~~

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FM GOV CANAL ZONE BALBOA HGTS CZ 1964 MAR 12 18 13

TO RUEHCR/SECY OF STATE WASHDC

INFO RUEPWWPXTHE WHITE HOUSE

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RUEPDA/SECDEF

RUESVA/AMCON PANAMA CITY R DE P

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BT

~~CONFIDENTIAL~~ CZG0054. FOR MANN, FROM COTTRELL. CINCLANT FOR POLAD.

SINCE DISCUSSIONS MAY BE UNDERTAKEN WITH PANAMA IN NEAR FUTURE, I SUBMIT IN SEPARATE TELEGRAM SKELETON OUTLINE FIVE ALTERNATIVE US COURSES. THESE SHOULD BE CONSIDERED AGAINST FOLLOWING BACKGROUND:

1. FOR SIXTY YEARS PANAMA HAS REGARDED CANAL AS ITS ONLY RESOURCE. ITS ATTENTION HAS BEEN RIVETED ON ZONE WITH ONLY BACKWARD GLANCE AT DEVELOPMENT OF COUNTRY.

2. EVERY ADMINISTRATION HAS BEEN JUDGED LARGELY ON HOW MANY NEW BENEFITS IT HAS BEEN ABLE TO EXTRACT FROM ZONE AND HOW FAR IT HAS

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By NDE, NARS, Date 12/4/79

ADVANCED THE REVISION AND ULTIMATE ELIMINATION OF EXISTING TREATIES.

3. GENERATIONS OF STUDENTS HAVE BEEN TAUGHT THAT PANAMA WAS UNJUSTLY DENIED FULL SOVEREIGNTY IN ZONE BY THE INFAMOUS 1903 TREATY.

4. DURING PRESENT INTERNATIONAL COMMISSION OF JURIST HEARINGS THE BAR ASSOCIATION, THE PANAMANIAN GOVERNMENT AND WITNESSES ALL HOLD THAT RIOTERS WERE TRUE PATRIOTS PURSUING DEEP NATIONAL ASPIRATION PLANT PANAMANIAN FLAG IN ZONE. RIOTS CONSIDERED JUSTIFIED AFTER STUDENTS FRUSTRATED AT BALBOA HIGH SCHOOL AND NATIONAL DIGNITY AFFRONTED BY ALLEGED TEARING OF FLAG BY U.S. CITIZENS.
NATIONAL GUARD OBVIOUSLY COULD NOT BE ORDERED CONTROL PATRIOTIC PANAMANIANS RIOTERS WHO ONLY WANTED PLANT FLAGIN ZONE. THIS MEANS RIOTERS

WERE REALLY INSTRUMENTS OF NATIONAL POLICY.

5. ANY ARRANGEMENT WHICH FALLS SHORT OF GRANTING FULL SOVEREIGNTY OVER ZONE WILL NOT SATISFY DEEP SEATED PANAMANIAN DRIVE. THEY SHOULD BE EXPEVED ENGAGE CONTINUOUSLY IN ACTIVITIES TOWARDS ULTIMATE OBJECTIVE, INCLUDING OLD SUCCESSFUL TACTIC OF ALLOWING STUDENTS AND COMMUNISTS TO RIOT AGAINST THE ZONE IN ORDER TO INDUCE BENEFITS AND/OR TREATY REVISIONS

6. ANY ARRANGEMENT INVOLVING TREATY REVISIONS WILL BE HAILED AS VICTORY TOWARDS OBJECTIVE. IT WILL TEMPORARILY SATISFY MOST PANAMANIANS UNTIL NEXT TIME VIOLENCE IS PROPITIOUS BECAUSE OF LOCAL POLITICAL CONDITIONS AND SUCCESS OF LOCAL AGITATORS.

7. COURSE SHOULD BE SELECTED WHICH SATISFIES BASIC US INTERESTS.

WE SHOULD UNDERSTAND AT OUTSET ANY COURSE WE TAKE WILL NOT SOLVE PANAMA PROBLEM BUT SHOULD MAKE IT MORE MANAGEABLE THAN PRESENT ARRANGEMENT. END.

SCP-4

BT

25

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~~CONFIDENTIAL~~

~~C O N F I D E N T I A L~~. SC2024A. FOR MANN FROM COTTRELL.

FOLLOWING IS THE WAY I ADD UP THE SITUATION AT THE PRESENT MOMENT:

1. HEAVY PRESSURES ON CHIARI ARE INCREASING DAILY FROM BUSINESS MEN AND PUBLISHERS TO RESTORE RELATIONS AND ARREST THE ECONOMIC DECLINE. SUPPORT FROM THIS GROUP FOR STANDING ON PRINCIPLES HAS VANISHED IN DIRECT PROPORTION TO THE THREAT TO THEIR POCKET BOOKS. THEIR FORMER SUPPORT IS TURNING RAPIDLY TO CRITICISM OF CHIARI HAVING HANDLED THE SITUATION VERY BADLY.

2. WORKERS IN PANAMA ARE VERY CONCERNED AS NOTICES OF

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By MDE, NARS, Date 12/4/79

LAYOFFS ARE RECEIVED, AND THEIR FORMER SUPPORT FOR THE GOVERNMENT IS VANISHING.

3. ARNULFO'S STAR IS RISING AMONG THE WORKERS AS A MAGICIAN WHO WILL RESTORE THE SITUATION. THUS, CHIARI MUST SEE THAT A CONTINUED STALEMATE IS WORKING AGAINST HIS ADMINISTRATION AND AGAINST THE CHANCES OF ROBLES IN THE MAY ELECTIONS. THE OLIGARCHY'S FEAR OF ARNULFO IS PROVIDING ADDITIONAL POLITICAL PRESSURE ON CHIARI FOR AN EARLY SETTLEMENT.

4. THE FORCES EXERTING PRESSURE ON CHIARI TO STAND FIRM ARE HIS HARD LINE LEFT ADVISORS, STUDENT LEADERS AND COMMUNISTS, PLUS POSSIBLY MORENO AND BOYD WITH POLITIAL AXES TO GRIND WHO HAVE NOTHING TO LOSE AND MUCH TO GAIN IF THEY CAN INDUCE THE US TO CAVE ON THE NEGOTIATE POINT.

5. I BELEIVE THE NATIONAL GUARD IS CAPABLE OF CONTROLLING ANY VIOLENCE INSTIGATED BY THE LEFT AND WOULD DO SO IF CHIARI MOVED TOWARDS ACCOMODATION.

6. THE FORMULA OF RIOTING TO ATTRACT US ATTENTION AND EXTRACT CONCESSIONS IS AN OLD PLOY USED SUCCESSFULLY IN THE PAST. THE KILLING IN THE JANUARY 9-16 AFFAIR WAS AN UNEXPECTED RESULT BROUGHT ABOUT BY THE TRAINED COMMUNIST ADDITIVE TO THE OLD RECIPE.

THE KILLINGS PRODUCED A REAL SHOCK CAUSING CHIARI TO OVER REACT AND PAINT HIMSELF INTO A CORNER.

7. I BELIEVE MORENO AND BOYD WERE TURNED LOOSE BY CHIARI TO SEE HOW FAR THEY COULD GO IN PUSHING THE US TO ACCEPT THE CHIARI POSITION. THIS PROBING RAN INTO A STONE WALL AND I THINK THE REALIZATION IS NOW SINKING IN HERE THAT THE STALEMATE CAN ONLY BE BROKEN BY A CHIARI RETREAT FROM HIS POSITION.

8. THE FORMER VIOLENT FEELINGS AGAINST AMERICANS, THE ZONE AND THE US ARMED FORCES ARE RECEDING RAPIDLY IN MY OPINION. VISITING AMERICANS, CONSULAR OFFICERS AND AMERICANS LIVING IN PANAMA CITY NOW MOVE FREELY ABOUT THE CITY WITHOUT MOLESTATION OR EVIDENCE OF ANY APPARENT HOSTILITY ON THE PART OF THE GENERAL POPULATION.

9. IN MY OPINION THE COMMUNISTS MADE GREAT HEADWAY IN PROMOTING THE RIOTS AND DURING THE PRESENT STALEMATE, PARTICULARLY IN STRENGTHENING AND BROADENING THE BASE OF THEIR ORGANIZATION. HOWEVER, IN THE PRESENT CLIMATE I DO NOT THINK THEY YET HAVE THE CAPABILITY OF MATCHING OR NEUTRALIZING THE NATIONAL GUARD.

CONCLUSION: DESPITE THE HAZARDS OF POLITICAL PREDICTIONS, IN MY BEST JUDGEMENT AT THIS MOMENT, I THINK THE SHIFTING OF THE BALANCE OF FORCES HERE INDICATES A CHIARI ACCOMODATION AND RESTORATION OF

RELATIONS AT ANY TIME WITHIN THIS MONTH I DO NOT BELIEVE HE WILL SIT TIGHT UNTIL THE MAY ELECTIONS MUCH LESS OCTOBER. IF HE WERE TO MAKE THIS MISTAKE I THINK HE WILL BE REMOVED. BASED ON MY PREVIOUS EXPERIENCE IN PANAMA DURING SIMILAR BUT LESS SERIOUS RIOTS I BELIEVE THAT THIS LAST TANTRUM IS NEARING ITS END. THERE MAY BE A COUP IF CHIARI DOES NOT MOVE BUT I DO NOT BELIEVE THERE WILL BE ANY FURTHER RIOTING AGAINST THE ZONE THIS YEAR. AMEN. END.

GP-4

BT

~~CONFIDENTIAL~~

INCOMING TELEGRAM *Department of State*

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~~CONFIDENTIAL~~

Control: 2960
Rec'd: MARCH 4, 1964
11:25 P.M.

Action
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FROM: GOV CANAL ZONE BALBOA HEIGHTS CZ

ACTION: SECSTATE CZG0045 PRIORITY

INFO: THE WHITE HOUSE
SECDEFENSE
JCS
AMCON-PANAMA CITY R DE P

DATE: DTG 050340Z MARCH

FILE COPY

SMITH, W. Y.

FOR MANN, VANCE AND AILES FROM COTTRELL

ICJ SET MEETING 3:30 P.M. THIS AFTERNOON HILTON HOTEL. CALIFANO, COTTRELL, WOOLF (JUSTICE), AND MCKABNEY (PCC) APPEARED FOR U.S. PANAMANIANS DID NOT APPEAR. AT 4:15 THEY PHONED SAYING THEY NEEDED MORE TIME. ICJ THEN PREPARED WRITTEN INVITATION WHICH WAS SENT OVER TO PANAMANIANS.

JORGE ILLUECA, PRESIDENT, PANAMA BAR ASSOCIATION (PBA) APPEARED 4:45 P.M. SAID THEY DID NOT KNOW MEETING WOULD INCLUDE U.S. REPS, WANTED THEIR NAMES AND ICJ RULES. WANTED PERMISSION TO MAKE OPENING STATEMENT AND SHOW FILMS, WANTED SPANISH AS OFFICIAL LANGUAGE, SAID PBA THOUGHT ICJ WAS AUTHORIZED TO LOOK INTO ANY VIOLATION OF HUMAN RIGHTS, WANTED POSTPONEMENT OF MEETING TO CONSIDER US PAPER ON FLAG SCENE.

PEZREN WHO CHAIRED MEETING GRANTED POSTPONEMENT UNTIL 9:30 THURSDAY MORNING, SAID ICJ WOULD SUPPLY GROUND RULES IN WRITING DECIDED ON BEFORE DEPARTURE BY ICJ IN GENEVA, SAID ICJ REPS WERE FACT FINDING COMMISSION NOT A COURT, WOULD USE RULES OF NATURAL JUSTICE IN EXAMINING YOUR PANAMANIAN ALLEGATIONS. THEY WOULD NOT INVESTIGATE GENERAL TREATY ARRANGEMENTS. WOULD SUBMIT REPORT TO ICJ WHICH WOULD THEN DECIDE IF FACTS SUPPORTED ALLEGATION OF VIOLATIONS HUMAN RIGHTS.

/CALIFANO SAID

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By MDE, NARS, Date 12/4/79

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CALIFANO SAID NO OBJECTION POSTPONEMENT BUT POINTED OUT PBA HAD MADE CHARGES WEEKS AGO, WE HAD RECEIVED THEM ONLY A FEW DAYS AGO, AND WE NOW DESIRED MOVE EXPEDITIOUSLY, WOULD SUPPLY NAMES US REPS, REQUESTED WRITTEN SPECIFICS TO ACCOMPANY PANAMANIAN MAP. PEZREN SAID THIS HAD BEEN REQUESTED OF PBA.

COMMENT ALL THREE ICJ LAWYERS, PARTICULARLY VAKIL, WERE OBVIOUSLY ANNOYED BY PBA CONDUCT. END.

SCP-4.

DLW

OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT
☐ CHARGE TO

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Panama 33

~~CONFIDENTIAL~~ ~~SECRET~~

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ACTION: AmConsul, PANAMA 477
INFO: POLAD CINCSO
POLAD CINCLANT (by pouch)

MAR 27 4 03 PM '64

In an effort break deadlock, Ambassador Bunker handed Moreno at 1100 March 26 following suggested identical note which US and Panama would send OAS: QUOTEYour Excellency: 080 I have the honor to advise Your Excellency that the Governments of the Republic of Panama and of the United States of America have agreed to resume diplomatic relations as of today's date and to exchange Ambassadors forthwith. My Government will appoint without delay a special representative who, together with the representative of the Government of Panama, will be empowered to review all the issues between the two countries and to seek a fair and just resolution of these issues. The Government of the United States of America desires to express its gratitude for the untiring and invaluable efforts of the members of the Inter-American Peace Committee, the Council of the Organization of American States, the General Committee and

Drafted by: VLC per RPA
ARA/PAN:VLCollins:hp 3/27/64

Telegraphic transmission and classification approved by: ARA - Thomas C. Mann

Clearances:
COAS - Ambassador Bunker
RPA - Mr. Allen WPA per RPA

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FORM 5-61 DS-322

DECLASSIFIED
Authority State ltr 4/2/79
By MIE, NARS, Date 12/5/79

the Special Delegation, without which this constructive result would not have been possible.END QUOTE At this time Ambassador Bunker made it clear to Moreno that this was about as far as we could go.

At 1630 March 26 after he communicated with Chiari Moreno transmitted to Bunker following reply: QUOTE We are accepting direct contact as a demonstration that we do not have a rigid position, that we have not bound ourselves in an intransigent manner to a particular formula and as proof that we have the will to reach a solution which is honorable for both parties. As the formula proposed by the North American Government in these private conversations does not meet the minimum aspiration of Panama, which is that of initiating negotiations without previously established conditions or limitations and without prejudging the results of the said negotiations, the Panamanian Government believes that any moves toward settlement should be carried out within the regional organization and in conformity with the procedure already in process in the organs established for this purpose. END QUOTE

Moreno added that US proposal too imprecise, not specific enough, nor as good as what had been achieved in Peace Committee when we had agreed to things more specific. He said QUOTE public opinion END QUOTE would not support a settlement on such a basis. Ambassador Bunker noted we both wanted commence talks so why not resume relations and do so. Moreno in talk kept returning to word QUOTE negotiate END QUOTE. Ambassador Bunker made it clear we would not so commit ourselves.

Above is for your information only and should be held closely.

END

GP-3.

RUSK

NOTE: Pouched by OCT

ACTION

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TR	XMB	AIR 5
ARMY 5	CIA 10	NAVY 3
OSD 16	USIA 2	NSA 3
		NSC 6

DEPARTMENT OF STATE

AIRGRAM

Mr. Bundy
Feb 14 PM 34

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Panama

A-241 NO.

~~CONFIDENTIAL~~

HANDLING INDICATOR

TO : DEPARTMENT OF STATE WASHINGTON

INFO: CINCSO FOR POLAD
SAN JOSE

FOR LIMITED DISTRIBUTION

FROM : AmConsulate PANAMA

DATE: March 25, 1964

SUBJECT : PRESIDENTIAL CAMPAIGN ENTERS CRITICAL PHASE

REF :

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Authority E.O. 11652 SEC. 5(A) and (D)
By MIE, NARS, Date 12/4/79

Indications are that Dr. Arnulfo ARIAS, prosperous coffee farmer, former eye surgeon, and twice President of the Republic, has the edge as the presidential race enters its final and decisive phase. Former Minister of Justice Marco ROBLES, who is backed for the presidency by the cluster of political parties presently supporting the Administration, has steadily intensified his political attacks on Arias in recent weeks in an apparent effort to overcome the latter's apparent lead. The only other serious contender for the presidency, Juan de Arco GALINDO, the candidate of the five-party Opposition Alliance, has so far failed to arouse the popular enthusiasm that might presage success in the May 10 presidential balloting.

Following an appearance at the massive political rally in Panama City staged by his Panameñista Party January 4, Arias did no serious campaigning until early March when he made a three-day tour of the five central provinces, followed by brief visits to the remote provinces of Darien and Bocas del Toro. His campaign speeches have been characterized by a nationalistic but moderate approach to Panama's international problems. In discussing domestic matters, Arnulfo has tended to make general promises of economic and social progress (e.g. "a genuine agrarian reform"), sprinkling them with

Downgraded at 3-year intervals
Declassified after 12 years.

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FORRESTAL
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KLEIN
KOMER
SAUNDERS
COL. W.Y. SMITH

~~CONFIDENTIAL~~

FORM 4-62 DS-323

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☑ In ☐ Out

Drafted by: DESimcox/dts

Contents and Classification Approved by: HLTaylor

Clearances:

avuncular preachments to the citizenry regarding the necessity of greater self-reliance and civic responsibility. Although the remedies that Arnulfo Arias offers for the nation's ills are vague, the demagoguery for which he was famous in the past seems absent.

The "Sahila" or chieftain, as Arias is popularly known, has deemphasized but not withdrawn his controversial charges that President Chiari's administration is responsible in great part for the disasters of January 9-12. The position has been thoroughly scored by the press and in student, intellectual, and professional circles, where Arnulfo has little support under the best circumstances.

But it has not cost Dr. Arias any popularity among the masses of peasants and the urban proletariat that are the key to his political success. Nor does he seem to have been harmed by the attempts of Robles to smear him as the "candidate of the Zonians" or the U.S. Government. Indeed it appears that at least until January 9 Arnulfo actively encouraged the impression he had official US backing.

Marco Robles has been the most aggressive campaigner of the three major candidates. He is openly supported by two daily newspapers, Marcel PENSO's El Dia and the Chiari family's tabloid, La Prensa. In addition he enjoys the assistance of a Chiari-owned TV station and at least the sympathy of the conservative and influential daily, La Estrella de Panama.

Virtually ignoring Galindo, Robles's tacticians have turned the heaviest guns in their propaganda arsenal against Arnulfo. Besides the charge that Arnulfo is the "US-backed candidate", Robles's campaign advertisements, press releases, and tracts have sought to impress upon the voters Arnulfo's other perfidies of the past: his cession of more than 300,000 hectares of territory to Costa Rica in 1941; his anti-chinese, anti-West Indian bias; his flirtations with Fascism; and his erratic and arbitrary methods. They also warn that, if elected, Arnulfo will again seek to nullify the 1946 constitution as he did in 1951 and that he will wipe out the merit system inaugurated by President Chiari. Arnulfo has

not yet responded directly to these charges nor attempted to clarify his position on the issues they raise. But except among Chinese, West Indians and other minority group members, they seem to have aroused no widespread concern.

Robles's public pronouncements continue to stress that his government will be one of "justice, work, and progress", dedicated to stepping up the pace of the reforms initiated during the Chiari administration. Robles also cites with some pride his record as Minister of Justice where his unrelenting efforts to maintain public order earned him the nickname, "Rifleman". He insists that communists, extremists, and criminals can expect no quarter during his administration. Replying to criticisms that as Minister of Justice he was overly repressive, Robles pledges the rights of genuine dissent and responsible political opposition will be safeguarded during his administration.

Notably unpopular with university students and faculty members, Robles claims he will invite the University of Panama to join with his administration in applying its brainpower to the solution of national problems. A similar invitation has been extended to intellectuals and democratic trade unionists, among whom Robles is similarly unpopular. Like those of the other candidates, Robles's program is weak on specifics. His emphasis on broadening the agrarian reform, cleaning up the slums and providing classroom space for every school age child fundamentally represent no major departure from the present administration's goals. Even Robles's political friends have to join his enemies in admitting that the candidate is more a man of action than of ideas.

Despite an active and costly campaign, Juan de Arco Galindo continues to run a poor third in the presidential race. At least publicly, Galindo has maintained a pose of confidence, continuing to scoff at rumors -- mostly generated by the Robles camp -- that he will surrender his presidential ambitions and merge his political forces with Arias or Robles. Largely ignoring Arnulfo, Galindo has from the inception of his campaigning concentrated his attacks on the Chiari administration. He has repeatedly scored the

present administration for its fiscal mismanagement, chaotic administration, and the alleged climate of moral decay it has fostered in all areas of national life. Galindo claims that the three years of the Chiari administration have been years of rising unemployment, skyrocketing prices, spreading slums and a rapidly swelling bureaucracy. He seeks to puncture Robles's pride in his record as Minister of Justice by pointing out that in the less than three years Robles spent in that position Panama's crime rates and incidents of smuggling reached the highest levels ever.

Possibly as an attempt to explain away his defeat before it happens, Galindo claims that Robles's forces plan to utilize their control of the government to steal the elections.

On the positive side, Galindo has expressed himself in favor of a curtailment of the privileges of entrenched groups, an important step being a redistribution of the tax burden and a more effective tax collection system. Galindo's program, much of which has been illuminated in a series of informal television "fireside chats", also envisages a greater government role in economic development, centralization of administrative machinery with greater control by the Executive Branch over the so-called autonomous agencies, and legislation to promote better wages and working conditions for workers as well as more harmonious labor-management relations.

Unlike past political contests, the subject of Panama's relations with the United States has not dominated the political dialogue of the present campaign. Recognizing that the present crisis makes unity imperative, Robles and Galindo continue to adhere to the informal agreement accepted by most political parties in January to remove the Canal issue from partisan debate.

Although the Panameñista Party hedged on accepting this inter-party commitment, Arnulfo has not made relations with the U.S. a major plank in his platform. His promise of a new treaty after taking office and his criticisms of the Chiari

Administration's handling of the flag riots have been subdued in tone and overshadowed by his pronouncements on purely domestic issues.

Three considerations are fundamental to any attempt to pick the winner of the May 10 elections: Robles's backers control the Government, including the National Guard; Galindo's supporters dominate the supposedly non-partisan three-man Electoral Tribunal and control the Election Returns Board; Arias has the advantage of immense personal popularity -- a popularity that appears even more imposing when contrasted with the colorlessness of both Galindo and Robles.

Several sources within the ruling Liberal Party have intimated that Robles, with the backing of the Administration, will take office with or without the required plurality of popular votes. Yet Bolivar VALLARINO, Commandant of the National Guard, though he privately admits a preference for Robles, recently reaffirmed publicly that the Guard had no favorites in the present race and would respect the election results.

Further, during the past year President Chiari on several occasions has publicly reiterated his intention to preside over free and honest elections. Even the most cynical politician would not swallow such a oft-repeated pledge easily. Indeed, some sources within the Liberal Party indicate that Chiari's determination to prohibit electoral manipulation has caused his personal and political relations with Robles to cool. However, Arnulfo Arias is no longer wholly without friends within the National Guard, particularly among its younger officers, and any sentiment among Guard leaders to overturn his election would probably not have unanimous backing. Finally the autonomous Electoral Tribunal and its subsidiary vote counting bodies are not controlled either politically or administratively by the administration. Thus efforts to tamper withits processes are far more difficult and would risk almost certain public exposure.

In the final analysis, the present campaign is primarily a contest between Arias and Robles. Despite

occasional displays of political strength, Galindo at this time would not be regarded as a serious threat. An impressive Arias victory in the popular vote -- at the moment a possibility that is far from remote -- would probably be respected by the administration.

On the other hand, if the election were close and Robles outvoted only by a narrow margin, the temptation would be greater to tamper with the results and to manipulate Robles into the Presidential chair with official acquiescense.

Henry L. Taylor
American Consul

INCOMING TELEGRAM *Department of State*

53

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1964 MAR 25 PM 4 15

LIMITED OFFICIAL USE ACTION IMMEDIATE DEPT 511 INFO IMMEDIATE CINCSO UNN CINCLANT UNN CAS UNN DIA UNN FROM PANAMA MARCH 25, 4 PM

CINCSO FOR POLAD AND CIIC

CINCLANT FOR POLAD

SUBJECT: LOCAL REACTION TO PRESIDENT CHIARI'S STATEMENT

PRESIDENCIA PRESS SECRETARY INFORMED ME PRESIDENT CHIARI ANXIOUSLY AWAITING USG REACTION HIS STATEMENT ISSUED YESTERDAY (CONTEL 510). MORNING PRESS HIGHLIGHTED CHIARI'S STATEMENT, BUT CARRIED NO COMMENT INDICATING LOCAL REACTION TO HIS REMARKS. INDICATIONS ARE THAT CHIARI'S REMARKS HAVE BEEN LOCALLY RECEIVED WITH LESS THAN ENTHUSIASM AND CAN BE CHARACTERIZED BY ONE NEWSPAPER MAN'S REMARKS TO ME, "WE CAN'T SEE ANYTHING COMING OUT OF WHAT CHIARI SAID".
TAYLOR
BT
CFN 511 510

ADVANCE COPY TO S/S-O 3/25/64, 4:43 PM
NOTE: RELAYED TO THE WHITE HOUSE 3/25/64, 4:48 PM

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INCOMING TELEGRAM Department of State

Panama 36

57

UNCLASSIFIED

Action
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1964 MAR 24 PM 4 08

UNCLAS IMMEDIATE ACTION DEPT 510 INFO CINCSO IMMEDIATE UNN
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CINCSO FOR POLAD AND CIIC

CINCLANT FOR POLAD

FOLLOWING IS VERBATIM SPANISH TEXT AND CONSULATE'S FREE ENGLISH TRANSLATION OF COMMUNIQUE ISSUED BY PRESIDENT CHIARI ABOUT 12:30 P.S.:

"DECLARACIONES DE SU EXCELENCIA EL PRESIDENTE DE LA REPUBLICA

"CONSIDERO MUY INTERESANTES LAS DECLARACIONES DEL PRESIDENTE JOHNSON. EN MUCHOS ASPECTOS SUS APRECIACIONES SOBRE LAS RELACIONES ENTRE PANAMA Y ESTADOS UNIDOS SON CONSTRUCTIVAS. AMBOS PAISES
CFN 510 12:30

PAGE TWO RULPPE 011 UNCLAS
SE ENCUENTRAN VINCULADOS MUY DE CERCA POR EL COMUN INTERES DE LA VIA INTEROCEANICA. DURANTE LAS DOS GRANDES GUERRAS MUNDIALES PANAMA Y ESTADOS UNIDOS UNIERON SUS ESFUERZOS Y, PROPORCIONES GUARDADAS, CONTRIBUYERON A LA VICTORIA DE LA CAUSA DE LA DEMO CRACIA COMO SISTEMA DE GOBIERNO.

"NO OBSTANTE LO ANTERIOR, AMBAS NACIONES HAN TENIDO SERIAS DIFICULTADES DEBIDO A CLAUSULAS CONTRACTUALES EXISTENTES DESDE 1903 QUE LESIONAN LA DIGNIDAD DE PANAMA. ES ALLI DONDE ESTA LA CAUSA DE LOS GRAVES CONFLICTOS QUE EN LA ACTUALIDAD NOS MANTIENEN DISTANCIADOS. SI EL CANAL EXIGE LA CONVIVENCIA SINCERA DE PANAMENOS Y NORTEAMERICANOS, SI PARA LAS DOS NATIONES IMPLICA DERECHOS Y DEBERES, NO COMPRENDO POR QUE SE ELUDE LA NECESIDAD

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DE IR AL FONDO DE LA CUESTION PARA ERRADICAR LAS CAUSAS DE CONFLICTO, SIN PRECONDICIONES NI LIMITACIONESNES, ANIMADOS AMBOS GOBIERNOS POR EL DESEO DE SOLUCIONAR UNA VEZ POR TODAS LAS DIFERENCIAS Y LOS PROBLEMAS QUE AFECTAN LAS RELACIONES AMISTOSAS Y SINCERAS QUE DEBAN Y TIENEN QUE PREVALECER ENTRE AMBOS PUEBLOS, PRECISAMENTE POR LA EXISTENCIA DEL CANAL, OBRA A LA CUAL ESTAN VINCULADOS LOS DOS PAISES.

"CON ACIERTO RECONOCE EL PRESIDENTE JOHNSON EN SU DECLARACION,

QUE NO HAY MALICIA NI ODIO EN LOS RECLAMOS DE PANAMA, PORQUE SON JUSTOS Y SINCEROS. DEL TEXTO DE SUS DECLARACIONES SE DESPRENDE EL PROPOSITO DE QUE LAS RELACIONES SE RESTABLEZCAN Y DESIGNAR REPRESENTANTES ESPECIALES PARA SOLUCIONAR ESTOS ASUNTOS. SI ESTO NOS HA DE LLEVAR A UN CONVENIO JUSTO Y EQUITATIVO, YO ESTOY DISPUESTO A ACTUAR EN ESE SENTIDO. POR ELLO REITERO MI APOYO A LA FORMULA ANUNCIADA POR LA OEA. LLEGARIAMOS ASI A UNA SOLUCION CLARA, A UNA DEFINICION PRECISA DE LAS OBLIGACIONES Y DE LOS DERECHOS DE LAS DOS NACIONES, PARA RESOLVER EN ESA FORMA TODOS SUS PROBLEMAS Y DIFERENCIAS, QUE NOS TRAERIA UN CLIMA DE SINCERA Y ESTRECHA CONVIVENCIA, INDISPENSABLE PARA LA SEGURIDAD CONTINENTAL, Y LA ESTABILIDAD DEL SISTEMA DEMOCRATICO.

"MIENTRAS AMBOS PAISES SE PONEN DE ACUERDO Y SE LLENAN LOS TRAMITES CONSTITUCIONALES CORRESPONDIENTES, ES OBVIO QUE CADA UNO CUMPLIRA SUS DEBERES Y OBLIGACIONES A FIN DE NO ENTORPERER LAS OPERACIONES DE LA VIA INTEROCEANICA.

"ROBERTO F. CHIARI".

"I CONSIDER VERY INTERESTING THE DECLARATIONS OF PRESIDENT JOHNSON. IN MANY ASPECTS HIS EVALUATIONS OF THE RELATIONS BETWEEN PANAMA AND THE UNITED STATES ARE CONSTRUCTIVE. BOTH

COUNTRIES ARE BOUND TOGETHER VERY CLOSELY BY THE COMMON INTEREST OF THE INTEROCEANIC WAY. DURING THE TWO GREAT WORLD WARS PANAMA AND THE UNITED STATES UNITED THEIR EFFORTS, AND EACH IN PROPORTION CONTRIBUTED TO THE VICTORY OF THE DEMOCRATIC CAUSE AS A SYSTEM OF GOVERNMENT.
NOTWITHSTANDING THE ABOVE, BOTH NATIONS HAVE HAD SERIOUS DIFFICULTIES OWING TO CONTRACTUAL CLAUSES EXISTING SINCE 1903 THAT WOUND THE DIGNITY OF PANAMA. IT IS HERE WHERE THE CAUSE OF THE GRAVE CONFLICTS IS WHICH PRESENTLY DIVIDE US. IF THE

CANAL DEMANDS THE SINCERE COEXISTENCE OF PANAMANIANS AND NORTH AMERICANS, IF FOR THE TWO NATIONS IT IMPLIES RIGHTS AND OBLIGATIONS, I CANT UNDERSTAND WHY WE EVADE THE NECESSITY OF GOING TO THE BOTTOM OF THE MATTER TO ERADICATE THE CAUSES OF CONFLICT, WITHOUT PRECONDITIONS OR LIMITATIONS, WITH BOTH GOVERNMENTS IMBUED BY THE DESIRE TO SOLVE ONCE AND FOR ALL THE DIFFERENCES AND ALL THE PROBLEMS WHICH AFFECT THE FRIENDLY AND SINCERE RELATIONS WHICH SHOULD AND MUST PREVAIL BETWEEN BOTH PEOPLES, PRECISELY BECAUSE OF THE CANAL'S EXISTENCE, A WORK TO WHICH BOTH THE COUNTRIES ARE LINKED. RIGHTLY DOES PRESIDENT JOHNSON RECOGNIZE IN HIS DECLARATION THAT THERE IS NO MALICE OR

CFN 1903

PAGE FIVE RULPPE 011 UNCLAS

HATE IN THE DEMANDS OF PANAMA BECAUSE THEY ARE JUST AND SINCERE. FROM THE TEXT OF HIS STATEMENTS ONE CAN SEE THE PURPOSE THAT RELATIONS BE REESTABLISHED AND THAT SPECIAL REPRESENTATIVES BE DESIGNATED TO SOLVE THESE MATTERS. IF THIS WILL LEAD US TO A JUST AND FAIR AGREEMENT (CONVENIO), I AM WILLING TO ACT IN THIS WAY. FOR THIS REASON I REPEAT MY SUPPORT FOR THE FORMULA ANNOUNCED BY THE OAS. IN THIS WAY WE WOULD REACH A CLEAR SOLUTION, A PRECISE DEFINITION OF THE OBLIGATIONS AND THE RIGHTS OF THE TWO NATIONS, TO SOLVE IN THIS WAY ALL OF THEIR PROBLEMS AND DIFFERENCES, WHICH WOULD BRING US AN ATMOSPHERE OF SINCERE AND CLOSE COEXISTENCE INDISPENSABLE FOR CONTINENTAL SECURITY AND THE STABILITY OF THE DEMOCRATIC SYSTEM.

"IN THE PERIOD BEFORE BOTH COUNTRIES REACH AGREEMENT AND THE NECESSARY CONSTITUTIONAL PROCEDURES ARE CARRIES OUT, IT IS OBVIOUS THAT EACH ONE WILL FULFILL ITS RIGHTS AND OBLIGATIONS SO AS TO NOT INTERFERE WITH THE OPERATIONS OF THE INTEROCEANIC WAY."

TAYLOR

ADVANCE COPY TO S/S-O, 3/24/64, 4:15 p.m.
Note: Passed White House, 3/24/64, 4:33 p.m.

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INCOMING TELEGRAM *Department of State*

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1964 MAR 12 PM 5 44

ACTION PRIORITY DEPT 484 INFO PRIORITY CINCSO UNN PRIORITY CINCLANT UNN PRIORITY CAS UNN DIA PRIORITY UNN FROM PANAMA MARCH 12, 4 PM

DEPT PASS DIA

CINCSO CINCLANT FOR POLAD

SITUATION ROUND-UP

1. FEELING CONTINUES THAT THERE WILL SOON BE AGREEMENT ON FORMULA WHICH WILL RESULT RESTORATION OF DIPLOMATIC RELATIONS. PRESS CONTINUES CARRY AP STORIES THAT AGREEMENT ON DRAFT SETTLEMENT NEAR. FOREIGN OFFICE VICE MINISTER INFORMED ME THIS MORNING OF HIGH ANTICIPATION THIS WILL BE ACCOMPLISHED BY END OF WEEK. IN CFN 484 1

PAGE TWO RUESVA 015 ~~CONFIDENTIAL~~
HIS OPINION "NEXT DIFFICULT PERIOD" DURING TALKS INVOLVING TREATY CHANGES. (BEGIN UNDERLINE) COMMENT:(END UNDERLINE) ALTHOUGH VICE MINISTER NEPHEW OF PRESIDENT CHIARI, HE OFTEN SPEAKS WITHOUT FULL KNOWLEDGE GOP STAND AND INTERJECTS HIS PERSONAL VIEWS.

2. FIRST VICE PRESIDENT NOMINEE OF OPPOSITION ALLIANCE COALITION, GILBERTO ARIAS IN A TV INTERVIEW LAST NIGHT STATED: (1) CANAL ZONE CONCEPT WILL PASS WITH HISTORY; (2) PANAMA WILL EXERCISE FULL AND ABSOLUTE JURISDICTION OF THE AREA IN SUCH MANNER CANAL ZONE WILL NOT EXIST; (3) PANAMA WILL EXERCISE FULL POLITICAL AND FISCAL POLICIES OVER ALL OF THE TERRITORY INCLUDING WHAT IS NOW CALLED THE CANAL ZONE; (4) CLAIM OF PERPETUITY WILL BE OLD HISTORY; (5) ADMINISTRATION OF CANAL WILL BE JOINT AND

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Authority E.O. 11652 SEC. 5(A) and (D)
By MIE, NARS, Date 12/4/79

~~CONFIDENTIAL~~

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NOT UNILATERAL; (6) DIRECT REVENUE FROM CANAL'S OPERATION WILL BE COMMENSURATE WITH SERVICES RENDERED TO WORLD COMMERCE; AND, (7) THAT IN 1964 THERE WOULD BE SOCIO-ECONOMIC RECONSTRUCTION OF THE COUNTRY BY EITHER PLANNING OR BY FORCE AND A NEW PANAMA CANAL TREATY. (BEGIN UNDERLINE) COMMENT:(END UNDERLINE) GILBERTO ARIAS HAS EXPRESSED IN THE PAST SIMILAR VIEWS ON THE CANAL AND LAST NIGHT HE APPEARED TO BE EXPRESSING HIS OWN VIEWS RATHER THAN THOSE OF HIS POLITICAL COALITION.

CFN 2 1 2 3 4 5 6 7 1964

PAGE THREE RUESVA 015 ~~CONFIDENTIAL~~

3. UNIVERSITY ELECTIONS FOR A NEW RECTOR (CONTEL 472, ITEM 4) ARE SCHEDULED FOR THIS EVENING. NARCISO GARAY (RECENTLY RESIGNED) IS CONSIDERED A STRONG CANDIDATE ALONG WITH ALBERTO DE SAINT MALO, DEAN OF THE ENGINEERING SCHOOL. OTHER CANDIDATES INCLUDE RAFAEL MOSCOTE, GENERAL DEAN OF THE UNIVERSITY; RICARDO BERMUDEZ, DEAN OF ARCHITECTURAL SCHOOL; AND RICARDO ALFARO, WHO RECENTLY COMPLETED A TERM WITH INTERNATIONAL COURT OF JUSTICE. (BEGIN UNDERLINE) COMMENT;(END UNDERLINE) SOME CONFUSION EXISTS AS WHETHER NEW RECTOR CAN LEGALLY BE CHOSEN BEFORE EXPIRATION GARAY'S ORIGINAL TERM IN AUGUST. LEFTIST-CONTROLLED STUDENT GOVERNMENT (UEU) ISSUED COMMUNIQUE ATTACKING GARAY'S "MANIPULATIONS AND UNPATRIOTIC ATTEMPT USE NATIONAL CRISIS AS METHOD RELECTION." DEMOCRATIC STUDENT GROUPS SUPPORTING GARAY AND PRESS REPORTS FEARS OF POSSIBLE VIOLENCE OVER ISSUE.

GP-4. TAYLOR
BT
CFN 3 472 4

NOTE: RELAYED TO DIA 7:20 PM, 3/12/64.

INCOMING TELEGRAM *Department of State* Bundy 55

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C O N F I D E N T I A L

ACTION PRIORITY DEPT 481 INFO PRIORITY CINCSO UNN CINCLANT UNN CAS UNN DIA UNNFROM PANAMA MARCH 10 5 PM

DEPT PASS DIA

CINCLANT - CINCSO FOR POLAD

SITUATION ROUND-UP

1. VICE MINISTER OF FOREIGN RELATIONS INFORMED ME THERE IS A "BIG MOVEMENT" UNDER WAY TO GET SOLUTION WHICH WILL RESTORE U.S. - PANAMA DIPLOMATIC RELATIONS BEFORE NEXT MONDAY, WHEN PRESIDENT JOHNSON SCHEDULED TO ADDRESS OAS. ACCORDING RALPH TOMANELLI (AMERICAN CITIZEN AND MANAGER OF CHIARI MILKK PLANT), GOP FONMIN INFORMED HIM ~~CFN 481 10 5 1.~~

~~PAGE TWO RUESVA 002 C O N F I D E N T I A L~~
NOON TODAY THAT LATEST FORMULA IS ACCEPTABLE BOTH COUNTRIES, AND IT ANTICIPATED AGREEMENT RESTORE RELATIONS WILL BE ANNOUNCED TOMMORROW OR NEXT DAY. AT ANY RATE FOREIGN RELATIONS COUNCIL HAS BEEN IN SESSION FOR PAST FEW DAYS ENDEAVORING WORK OUT FORMULA WHICH WOULD BE ACCEPTABLE. OPINION EXPRESSED AMONG UPPER INCOME GROUP IS THAT CHIARI COULD SETTLE FOR LESS THAN ORIGINAL STAND AND STILL HOLD LID ON ANY ATTEMPT DEMONSTRATE AGANIST HIM AS TRAITOR TO PANAMA'S "JUST CAUSE". VESTED INTEREST GROUP CONTINUES MOST ANXIOUS SEE RELATIONS RESTORED. NEVERTHELESS, POSSIBILITY OF STUDENTS, COMMUNISTS AND ULTRA-NATIONALISTS ENDEAVORING DEMONSTRATE AGAINST CHIARI AS TRAITOR TO HIS COUNTRY IF HE AGREES SETTLE FOR LESS THAN RENEGOTIATION OF 1903 TREATY CAN'T BE RULED OUT.

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By MDE, NARS, Date 12/4/79

-2- 481, MARCH 10, 5 PM FROM PANAMA CITY

2. FOREIGN OFFICE VICE MINISTER INFORMED ME THAT THE AGITATION OF EVICTED PANAMANIANS WHO WERE FARMING ILLEGALLY IN CANAL ZONE HAS SUBSIDED (CONTEL 478, ITEM 3). ACCORDING TO HIM THIS GROUP HAS QUIETED DOWN AND RADIO MIA HAS STOPPED ESPOUSING ITS CAUSE.

GP-4. TAYLOR
BT
CFN 2. 478 3.

NOTE: RELAYED TO DIA: 3/10/64, 8:40 PM.

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INCOMING TELEGRAM *Department of State*

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LIMITED OFFICIAL USE ACTION PRIORITY DEPT 480 INFO CINCSO PRIORITY UNN CINCLANT PRIORITY UNN CAS PRIORITY UNN DIA PRIORITY UNN FROM PANAMA MARCH 9, 5 PM

DEPT PASS DIA

CINCLANT CINCSO FOR POLAD

SUBJECT: SITUATION ROUNDUP

1. THIS MORNING'S (BEGIN UNDERLINE) STAR AND HERALD (END UNDERLINE) AND (BEGIN UNDERLINE) LA ESTRELLA (END UNDERLINE) CARRIED FRONT PAGE AP RELEASE THAT OAS MEDIATION TEAM HAD SET TODAY AS
:1, 480 1

PAGE TWO RUESVA 007 LIMITED OFFICIAL USE
"DEADLINE" FOR PANAMA ACCEPT AN AGREEMENT TO BREAK US-PANAMANIAN STALEMATE OVER PANAMA CANAL. THIS AFTERNOON, (BEGIN UNDERLINE) LA PRENSA,(END UNDERLINE) OWNED BY CHIARI FAMILY, HEADLINED ITS FRONT PAGE WITH "PANAMA DOES NOT ACCEPT OAS ULTIMATUM". THIS FOLLOWED BY STORY POINTING OUT: 1) THAT AP STORY WRITTEN BY ARY MOLEON IS FALSE; 2) THAT AMBASSADOR MORENO REPORTED TELEPHONICALLY THE PANAMANIAN DELEGATION HAS NO KNOWLEDGE OF SUCH A SITUATION AND THAT SUCH A POSITION WOULD HAVE BEEN REFUSED AS OAS DOES NOT HAVE POWER TO RENDER AN ULTIMATUM; AND 3) THAT FOREIGN MINISTER SOLIS THIS MORNING REJECTED POSSIBILITY THAT PANAMA HAD ACCEPTED AN OAS ULTIMATUM. CONJECTURE CONTINUES PANAMA NEARING ACCEPTANCE OF FORMULA WHICH WILL RESULT IN RENEWAL DIPLOMATIC RELATIONS WITH US, BUT NOTHING REPEAT NOTHING TANGIBLE THAT THIS CORRECT. VELARDE, IN PRESIDENCIA PRESS OFFICE, INFORMED ME GOOD POSSIBILITY BY MIDDLE OF THIS WEEK OF KNOWING WHETHER PANAMA HAS AGREED ACCEPT OR REJECT LATEST PROPOSAL.

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2. LAST NIGHT BUSTS OF THE FOUNDING FATHERS WERE DEFACED IN THE CATHEDRAL SQUARE. TWO OF THE BUSTS WERE REMOVED FROM THEIR RESPECTIVE PEDESTALS (TOMAS ARIAS AND JOSE ARANGO) AND THE REST WERE SPATTERED WITH RED PAINT. REASON FOR THIS ACTION WAS PURPORTEDLY TO DESECRATE THE BUSTS OF THE FOUNDING FATHERS WHO WERE RESPONSIBLE FOR
CFN 1 2 3 2

PAGE THREE RUESVA 007 LIMITED OFFICIAL USE
ACCEPTANCE OF 1903 TREATY. GUARDIA HAS ROUNDED UP THREE PEOPLE WHO ARE CONSIDERED RESPONSIBLE FOR THIS ACTION.

3. ARNULFO ARIAS' MOTORCADE INTO THE CENTRAL PROVINCES DURING LAST WEEKEND (CONTEL 478) WAS REPORTEDLY VERY SUCCESSFUL FROM A POLITICAL POINT OF VIEW. ACCORDING REPORTS HE RECEIVED LARGE OVATIONS AT THE MANY PLACES VISITED. IN CHORRERA HE ANNOUNCED A PANAMENISTA GOVERNMENT (PANAMENISTA PARTY) WILL NEGOTIATE A NEW CANAL TREATY WHICH WILL BE BASED ON JUSTICE AND DIGNITY. ALSO SAID IF THERE HAD BEEN FORESIGHT ON THE PART OF PANAMA AND US, MANY LIVES WOULD HAVE BEEN SAVED DURING THE TRAGIC EVENTS OF LAST JANUARY.

4. THERE IS NO REPEAT NO CONFIRMATION OF ANY DEMONSTRATIONS TO TAKE PLACE TONIGHT IN MEMORY OF THE JANUARY 9 INCIDENTS. THE GUARDIA HAS BEEN ON ALERT SINCE 8 AM IN PREPARATION TO COPE WITH ANY SITUATION WHICH MIGHT ARISE. TAYLOR
BT
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NOTE: RELAYED DIA 3/9/64, 9:00 PM.

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PARTMENT OF STATE

AIRGRAM

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HANDLING INDICATOR

TO : ALL ARA DIPLOMATIC POSTS
CINCLANT FOR POLAD, CINCSO FOR POLAD,
USUN, Amconsulates GUADALAJARA, GUAYAQUIL, MONTERREY,
PANAMA, SAO PAULO, TIJUANA

MAR 6 7 19 PM '64

FROM : Department of State DATE:

SUBJECT : OAS ACTIVITIES REPORT NO. 64-4.

REF :

DECLASSIFIED
Authority E.O. 11652 SEC. 5(A) and (D)
By MDE, NARS, Date 12/5/79

1. U.S. - Panama Controversy

During past few days, five-nation delegation appointed by General Committee has been seeking solution satisfactory to both parties in light of statements by President February 29 and by Chiari March 2. Our position, as reiterated by President, is basically unchanged: We are prepared to discuss all subjects and aspects of our relations, but will make no prior commitments. There are some indications that Panamanian position is altering, and early agreement may be possible. CONFIDENTIAL

Team of three members of International Commission of Jurists now in Panama at request of Panama Bar Association to examine charges of violations of human rights by U.S. Commission is highly respected, non-governmental organization of reputable international jurists, affilated with United Nations, with headquarters Geneva. Visit of group was approved by both U.S. and Panama in advance. It will submit report of evidence and examinations to parent body which may later issue statement of its findings in connection with Panama Bar Association charges. UNCLASSIFIED

Group 4 - Downgraded at 3 yr. intervals, declassified after 12 yrs.

~~CONFIDENTIAL~~

FORM 4-62 DS-323

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Drafted by: ARA:RPA:JLTopping:eh 3/6/64

Contents and Classification Approved by: ARA:RPA:Ward P. Allen

Clearances:

2. Venezuelan Charge of Cuban Intervention and Aggression

Investigating Commission submitted report to COAS/OC February 24. (Immediately distributed to all addressees). GOV has not brought forward any proposals for actions by either COAS/OC or MFM on basis report. We expect GOV will surface draft proposals in near future which we can strongly support. Indications of official reluctance to approve strong actions to control and limit Cuban subversive activities are appearing in Brazilian and Mexican press. LIMITED OFFICIAL USE

3. MFM on Representative Democracy

Consensus among COAS delegations is that this MFM should be held at same time and place as that on Venezuelan charge of Cuban subversion. ~~Since latter now probable activity date~~ Preparatory Committee now actively working on draft resolutions, somewhat hampered by delays in presenting realistic proposals by Costa Rica and Venezuela, who are joint sponsors of MFM. Committee feels site should not be Washington. LIMITED OFFICIAL USE

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INCOMING TELEGRAM *Department of State*

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C O N F I D E N T I A L

PRIORITY 475 MAR 5, 6 PM

FROM TAYLOR FOR MANN

LIMDIS

DEPCIRTEL 1530

FOLLOWING ARE ANSWERS TO QUESTIONS CONTAINED REFTEL IN SAME ORDER AS PRESENTED:

1. YES, MAP DOES HELP INFLUENCE LOCAL MILITARY (GUARDIA NACIONAL) BE PRO-US AND PRO-WEST. HOWEVER, THIS ASPECT HAS NOT CONSTITUTED A SERIOUS PROBLEM SINCE TRAINING OF SELECTED GUARDSMEN HCFN 475 1530 1

PAGE TWO RUESVA 003 CONFIDENTIAL
HAS BEEN CARRIED OUT FOR SEVERAL YEARS IN US MILITARY SCHOOLS IN CANAL ZONE AND GUARDIA ORIENTATION HAS BEEN PRO-US AND PRO-WEST. THE EFFECTIVENESS OF SUCH ORIENTATION IS SEEN IN THAT INCIDENTS LAST JANUARY 9-10 WHICH CULMINATED IN BREAKING OFF US RELATIONS BY GOP DID NOT ENGENDER A NOTABLE ANTI-US FEELING AMONG GUARDIA.

2. BELIEVE GUARDIA CAPABILITY HAS IMPROVED ~~FROM~~ for HANDLING INTERNAL SECURITY SITUATION OWING TO MAP. HOWEVER, SMALL PARAMILITARY FORCE OF 3,000 LIMITED IN ABILITY HANDLE ANY LARGE-SCALE INTERNAL SECURITY SITUATION. MAP PROGRAM AT PRESENT IN ABEYANCE OWING TO GOP BREAKING DIPLOMATIC RELATIONS WITH US ON JANUARY 10.

3. GIVEN STATUS OF GUARDIA (PERSONNEL AND PRESENT RESOURCES) MAP PROGRAM APPEARS ADEQUATE IN SENSE OF PROVIDING ALL ASSISTANCE GUARDIA CAN PROFITABLY HANDLE.

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By MIE, NARS, Date 12/4/79

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4. NO. OWING TO MAP LIMITED PROGRAM AND LIMITED GUARDIA FORCE, IT IS NOT CONSIDERED MAP PROGRAM UNDULY INCREASES DANGER OF MILITARY TAKEOVER. IN THIS RESPECT LAST FEW YEARS, GUARDIA LEADERS HAVE ASSUMED APOLITICAL POSITION, STRESSED MAINTENANCE, LAW AND ORDER, AND SUPPORT OF CONSTITUTIONALLY ELECTED GOVERNMENT. (HOWEVER, BIG QUESTION IS WHERE WAS THE GUARDIA AT THE OUTSET OF THE JAN 9-10 INCIDENTS).

CFN 9-10 2 3,00 10 3 4 9-10

PAGE THREE RUESVA 003 CONFIDENTIAL

5. OWING TO LIMITED STRENGTH, GUARDIA HAS NOT BEEN ABLE CARRY OUT EFFECTIVE CIVIC ACTION PROGRAMS. IF PERSONNEL WERE ADEQUATE, BELIEVE CIVIC ACTION PROGRAM WOULD BE CONSCIENTIOUSLY FOLLOWED. EVIDENCE IS GUARDIA FAVORS CIVIC ACTION PROGRAM AS MEANS IMPROVING ITS IMAGE BEFORE PANAMANIAN PUBLIC.

6. MAP SUPPORTING ONE SMALL INFANTRY-TYPE UNIT AND PATROL CRAFT. CONCENTRATING ON STRENGTHENING ABILITY OF GUARDIA NACIONAL TO MAINTAIN INTERNAL SECURITY.

7. THERE IS NO DUPLICATION. MAP IS SUPPORTING ONE UNIT OF MILITARY TYPE AND AID IS SUPPORTING CONVENTIONAL POLICE CAPABILITIES OF THE GUARDIA, WHICH IS ONLY ARMED AND UNIFORMED FORCE IN PANAMA.

8. NO.

9. YES. SINCE GOP HAS TRADITIONALLY EXPRESSED NO INTEREST IN A LARGE MILITARY BUILDUP, IT APPEARS THERE WOULD BE NO OBJECTION TO REDUCING US MILITARY ASSISTANCE IN PANAMA, WHILE THAT OF NEIGHBORING COUNTRIES IS MAINTAINED AT SAME LEVEL OR INCREASED.

10. NO. TRUCKS, RIFLES, MACHINE GUNS AND PATROL BOATS CONSTITUTE TYPE OF EQUIPMENT US IS SUPPORTING.

11. AID PROGRAM CONSISTS OF PUBLIC SAFETY PROJECT WHICH NOW COMPLETED ON COMMODITY PROCUREMENT. HENCE IS NOW PHASED DOWNWARD.
HCFN 5 6 7 8 9 10 11

PAGE FOUR RUESVA 003 CONFIDENTIAL
HOWEVER, GOVERNMENT FINANCIAL SITUATION SUCH THAT A MAP CREDIT SALES PROGRAM DOES NOT APPEAR FEASIBLE AT THIS TIME.

12. PANAMA HAS CONSISTENTLY PURCHASED ITS MILITARY EQUIPMENT FROM US.

GP-4. TAYLOR
BT
CFN 12 GP-4

INCOMING TELEGRAM *Department of State*

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ACTION PRIORITY DEPT (474) INFO PRIORITY CINCSO UNN CAS PRIORITY UNN CINCLANT PRIORITY UNN DIA PRIORITY UNN FROM PANAMA MAR 4, 5 PM

DEPT PASS DIA

CINCSO AND CINCLANT FOR POLADS

SITUATION ROUND UP

1) OPTIMISM CONTINUES PREVALENT THAT FORMULA SOON WILL BE FOUND ENABLING RESUMPTION U.S.- PANAMANIAN DIPLOMATIC RELATIONS. GROWING FEELING AMONG BUSINESS GROUPS AND SOME POLITICAL LEADERS THAT IN VIEW PRESIDENT JOHNSON'S PRESS STATEMENT FEBRUARY 29 NOW IS OPPORTUNE TIME FOR PRESIDENT CHIARI MAKE STRONG EFFORT REACH AGREE-MCFN 474 1 29

PAGE TWO RUESVA 022 CONFIDENTIAL
MENT ON FORMULA. PRESIDENT'S PRESS SECRETARY TOLD ME NOW IS PROPITIOUS TIME FOR BOTH COUNTRIES TO REACH AGREEMENT IN VIEW OF BOTH PRESIDENTS' STATEMENTS AND A LESSENING OF TENSIONS OWING TO A COOLING OFF PERIOD. INDICATIONS ARE THAT PRESIDENT CHIARI MAY BE ABLE ACCEPT SOMETHING LESS THAN ORIGINAL STAND OF NOT RENEWING RELATIONS UNTIL GUARANTEED NEGOTIATION OF 1903 TREATY WOULD TAKE PLACE. IN THIS RESPECT BUSINESS COMMUNITY MOST ANXIOUS TO SEE RENEWAL DIPLOMATIC RELATIONS ACCOMPLISHED AS SOON AS POSSIBLE.

2) NATIONAL FOREIGN RELATIONS COUNCIL HAS BEEN MEETING BETTER PART OF TODAY. CONJECTURED SUBJECT MATTER DEALS WITH WORKING OUT MEMORANDUM IN VIEW OF TWO PRESIDENTS LATEST STATEMENTS.

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By MDF, NARS, Date 12/4/79

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3) SOME CONCERN BEING EXPRESSED THAT ULTA-NATIONALISTIC AND COMMUNIST ELEMENTS MAY MAKE NEW MOVE IN EFFORT TO HOLD CHIARI TO HIS ORIGINAL LINE. HOWEVER KNOW OF NOTHING CONCRETE CONCERNING THIS POSSIBILITY.

4) HAVE BEEN URGED BY CECELIA NEWELL (WIFE OF FORMER PRESIDENT REMON) TO ENDEAVOR CONVINCE LEADING POLITICOS EXERT PRESSURE ON PRESIDENT CHIARI TO ACCEPT REASONABLE FORMULA IN ORDER ESTABLISH RELATIONS. SHE UNDOUBTEDLY REFLECTING VIEWPOINT OF SEVERAL POLITICAL LEADERS IN NATIONAL PATRIOTIC COALITION PARTY OF WHICH SHE A DIRECTOR. SHE EXPRESSED VIEW THAT DOOR HAS BEEN OPENED BY CFN 1903 2 3 4

PRESIDENT JOHNSON AND NOW IS TIME FOR CHIARI TO ACT BEFORE ECONOMIC SITUATION WORSENS INDUCING A POLITICAL FLARE-UP.

5) ELLIOT ROOSEVELT ARRIVED PANAMA YESTERDAY AND HAS BEEN TALKING WITH NATIONAL ASSEMBLY DEPUTIES AND PRESIDENT CHIARI. REPORTS ARE THAT HE IS UNOFFICIALLY GATHERING INFORMATION ON PRESENT SITUATION WHICH HE WILL PASS ON TO PRESIDENT JOHNSON.

GP-4 TAYLOR
BT
CFN 5

NOTE: RELAYED TO DIA 10:30 PM, 3/4/64.

62

INCOMING TELEGRAM *Department of State*

42

~~CONFIDENTIAL~~

Control: 2960
Rec'd: MARCH 4, 1964
11:25 P.M.

Action
L
Info
SS
G
SP
ARA
CAP
IO
INR
RMR

FROM: GOV CANAL ZONE BALBOA HEIGHTS CZ

ACTION: SECSTATE CZG0045 PRIORITY

INFO: THE WHITE HOUSE
SECDEFENSE
JCS
AMCON-PANAMA CITY R DE P

DATE: DTG 050340Z MARCH

FOR MANN, VANCE AND AILES FROM COTTRELL

ICJ SET MEETING 3:30 P.M. THIS AFTERNOON HILTON HOTEL. CALIFANO, COTTRELL, WOOLF (JUSTICE), AND MCKABNEY (PCC) APPEARED FOR U.S. PANAMANIANS DID NOT APPEAR. AT 4:15 THEY PHONED SAYING THEY NEEDED MORE TIME. ICJ THEN PREPARED WRITTEN INVITATION WHICH WAS SENT OVER TO PANAMANIANS.

JORGE ILLUECA, PRESIDENT, PANAMA BAR ASSOCIATION (PBA) APPEARED 4:45 P.M. SAID THEY DID NOT KNOW MEETING WOULD INCLUDE U.S. REPS, WANTED THEIR NAMES AND ICJ RULES. WANTED PERMISSION TO MAKE OPENING STATEMENT AND SHOW FILMS, WANTED SPANISH AS OFFICIAL LANGUAGE, SAID PBA THOUGHT ICJ WAS AUTHORIZED TO LOOK INTO ANY VIOLATION OF HUMAN RIGHTS, WANTED POSTPONEMENT OF MEETING TO CONSIDER US PAPER ON FLAG SCENE.

PEZREN WHO CHAIRED MEETING GRANTED POSTPONEMENT UNTIL 9:30 THURSDAY MORNING, SAID ICJ WOULD SUPPLY GROUND RULES IN WRITING DECIDED ON BEFORE DEPARTURE BY ICJ IN GENEVA, SAID ICJ REPS WERE FACT FINDING COMMISSION NOT A COURT, WOULD USE RULES OF NATURAL JUSTICE IN EXAMINING FOUR PANAMANIAN ALLEGATIONS. THEY WOULD NOT INVESTIGATE GENERAL TREATY ARRANGEMENTS. WOULD SUBMIT REPORT TO ICJ WHICH WOULD THEN JUDGE IF FACTS SUPPORTED ALLEGATION OF VIOLATIONS HUMAN RIGHTS.

/CALIFANO SAID

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CALIFANO SAID NO OBJECTION POSTPONEMENT BUT POINTED OUT PBA HAD MADE CHARGES WEEKS AGO, WE HAD RECEIVED THEM ONLY A FEW DAYS AGO, AND WE NOW DESIRED MOVE EXPEDITIOUSLY, WOULD SUPPLY NAMES US REPS, REQUESTED WRITTEN SPECIFICS TO ACCOMPANY PANAMANIAN MAP. PEZREN SAID THIS HAD BEEN REQUESTED OF PBA.

COMMENT ALL THREE ICJ LAWYERS, PARTICULARLY VAKIL, WERE OBVIOUSLY ANNOYED BY PBA CONDUCT. END.

9CP-4.

DLW

INCOMING TELEGRAM *Department of State*

Panama 63

LIMITED OFFICIAL USE

Control: 1160
Rec'd: MARCH 3, 1964
2:52 AM

Action

ARA

FROM: PANAMA CITY

Info

S

ACTION: SECSTATE 470 PRIORITY

INFO: CAS UNNUMBERED PRIORITY
CINCSO UNNUMBERED PRIORITY
CINCLANT UNNUMBERED PRIORITY
DIA UNNUMBERED PRIORITY

DATE: MARCH 3, 1AM

CINCSO FOR POLAD

CINCLANT FOR POLAD

FOLLOWING STATEMENT TO PRESS BY PRESIDENT CHIARI WILL APPEAR MORNING PAPERS:

"I BELIEVE PRESIDENT JOHNSON'S STATEMENT IS NOT IN CONFLICT WITH THE POSITION OF MY GOVERNMENT IN RELATION TO THE BASIC UNDERSTANDING THAT SHOULD ACCOMPANY A RESUMPTION OF RELATIONS BETWEEN THE TWO COUNTRIES.
WHEN I MANIFESTED THAT MY GOVERNMENT WOULD BE DISPOSED TO REESTABLISH THOSE RELATIONS IN THE UNDERSTANDING THAT NEGOTIATIONS WOULD BE INITIATED FOR THE CELEBRATION OF A NEW TREATY, I WAS NOT WITH THAT PREJUDGING NOR ESTABLISHING PRIOR CONDITIONS TO THE CONTENTS OF SAID TREATY INASMUCH AS THE ARTICULATION OF THE SAME SHOULD BE THE FRUIT OF NEGOTATIONS AND DISCUSSIONS BETWEEN THE TWO PARTIES AND THAT RESULT, LOGICALLY, COULD NOT BE ESTABLISHED PREVIOUSLY.

WHAT IS IMPORTANT NOW, THE CARDINAL MATTER, IS TO EXPRESS THE WILLINGNESS TO NEGOTIATE WITHOUT PRIOR CONDITIONS. THE DETAILS REFERRING TO THE PROCEDURE OF THESE DISCESSIONS AND NEGOTIATIONS ARE A MATTER OVER WHICH IT SHOULD BE RELATIVELY EASY TO REACH AN AGREEMENT.

/I BELIEVE

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EXCERPT FROM PRESIDENT'S PRESS CONFERENCE
February 29, 1964

QUESTION: Mr. President, do you see any hope of reaching an agreement in Panama before that country's Presidential elections in May?

THE PRESIDENT: I would hope that we could reach an agreement as early as possible. As soon as I learned that the Panamanians had marched on our zone and we had a disturbance there, and some of our soldiers had been killed, some of the students had raised the flag and this disturbance had resulted, I immediately called the President of Panama on the telephone and said to him in that first exchange, "I want to do everything I can to work this problem out peacefully and quickly. Therefore, our people will meet with your people any time, anywhere, to discuss anything that will result in bringing peace and stopping violence."

The President asked me how long it would be before those discussions could take place, and I said we would have a team in the air within 30 minutes.

I designated Assistant Secretary Mann to immediately leave. We have been pursuing those discussions ever since. We have reached no agreement. One day you see speculation that agreement is imminent. The next day you see speculation that we are very pessimistic. I thing both reports have been wrong.

There has been no meeting of the minds. We realize that the treaties were written in 1903 and modified from time to time -- that problems are involved that need to be dealt with and perhaps would require adjustment in the treaty in 1963 or 1964.

So we are not refusing to discuss and evolve a program that will be fair and just to all concerned. But we are not going to make any pre-commitments before we sit down on what we are going to do in the way of rewriting new treaties with a nation that we do not have diplomatic relations with. Once those relations are restored, we will be glad, as I said the first day, and as we have repeated every day since, to discuss anything, any time, anywhere, and do what is just and what is fair and what is right. Just because Panama happens to be a small nation,

no larger than the City of St. Louis, there is no reason why we shouldn't try in every way to be equitable and fair and just. We are going to insist on that. But we are going to be equally insistent on pre-conditions.

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